

# CONGRESSIONAL INDEX

## THE WEEK IN CONGRESS

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### TAX REFORM

The Senate Finance Committee began hearings this week on various tax increase proposals expected to be offered as amendments on the Senate floor to H.R. 8217, a minor tariff bill. Lead-off witness Treasury Secretary William Simon told the Committee that the Administration strongly supports tax reforms. He emphasized that changes in the tax laws such as those the Committee is considering should only be made after careful committee consideration, and he urged the Committee to work with the House and the Administration to consider all proposals for tax reform fully and fairly.

With regard to proposals the Committee is considering, the Secretary opposed enactment of measures that would repeal the percentage depletion allowance for oil and gas production, eliminate the more rapid depreciation of machinery and equipment permitted under the Asset Depreciation Range system, phase out the investment tax credit as the cost of qualifying property increases, repeal of the tax provisions allowing deferred reporting of part of the overseas income of a domestic international sales corporation (DISC), and increase the present minimum tax. The Secretary did not object to limiting the use of the foreign tax credit.

### OIL TAX BILL PROGRESSES?

Chairman of the House Ways and Means Committee Wilbur Mills pulled another of his surprise moves when he appeared before the House Rules Committee, which was meeting to consider a rule for H.R. 14462, the Oil and Gas Tax Act of 1974. A recent action by the House Democratic Caucus required that Democratic members of the House Rules Committee support a rule allowing two certain amendments to the bill to be considered. Mills short circuited this requirement by asking the Rules Committee not to act on the bill since he intended to get permission from the Ways and Means Committee to bring the bill up on the floor under the privileges of committee procedure.

The Rules of the House provide that revenue and appropriations bills may be brought to the floor anytime without a rule governing their consideration.

allows consideration of any in order germane amendment, is complicated only by the fact that unanimous consent is required to cut off general debate on the bill. Mills said that he still favors a closed rule for tax bills but that if certain amendments were going to be considered he wanted all applicable amendments to be considered including a few he said he would offer.

Mills explained that all tax bills used to be brought up under this privilege of committee procedure until the Smoot-Hawley tariff bill, enacted in 1930, was so weighted down on the floor with House and Senate protective amendments. Since that time the Ways and Means Committee has sought and received closed rules to protect tax and trade bills from numerous amendments.

A senior Democrat on the Rules Committee Rep. Richard Bolling questioned Mills' motives in light of the strong case he has always made for closed rules. Mills replied that he was only trying to comply with the wishes of his colleagues. The Rules Committee meeting, which was rather chaotic, ended without hearing from other witnesses when Rep. B. F. Sisk's motion for adjournment easily carried.

### REVENUE SHARING

Treasury Secretary William Simon testified this week before a Subcommittee of the Senate Government Operations Committee which held hearings on the impact and progress of general revenue sharing. The testimony was a review of the types of programs that have been undertaken by local governmental units to utilize the \$12 billion which has been sent from Washington in the past 18 months.

Many of the programs the Secretary described were unique in that they filled a community need that would not have been met under categorical grant programs. He asked that the Congress continue to consider New Federalism initiatives to establish broad-based grant programs as substitutes for narrow categorical grant programs now in operation.

SUGAR ACT EXTENSION REJECTED

The House voted to end the forty-year life of the Sugar Act. By a vote of 175 yeas to 209 nays the House failed to pass H.R. 14747, which would have extended the Act for an additional five-years and made changes in the Act's labor provisions, reduced the payment rate to sugar producers, and altered the price objective formula, which determines the amount of subsidy sugar producers received under the Act. The Sugar Act was originally enacted to protect U.S. sugar growers and producers in order to assure an adequate domestic supply of sugar at reasonable prices.

SENATE CONSIDERS MILITARY  
PROCUREMENT BILL

The Senate this week began consideration of S. 3000, the Military Procurement Authorization Bill for fiscal year 1975. According to Armed Services Committee Chairman John Stennis, the bill as reported by his Committee would authorize approximately \$21.8 billion which is 5.5 percent less than the amount requested by the Administration and about \$750 million less than approved by the House.

In manpower categories, the bill would cut 49,000 from the active duty force planned for the end of fiscal 1975, a two percent reduction, and would cut 44,600 civilian employees as proposed by the Defense Department, a reduction of about four percent.

During floor consideration of the bill, the Senate rejected amendments to reduce funding for development of the B-1 bomber program and the Navy Submarine Launch Cruise Missile program, and also amendments designed to further reduce the maximum number of active duty military personnel.

CLEAN AIR ACT IMPLEMENTATION

EPA Administrator Russell Train testified before the Senate Public Works Committee's Environmental Pollution Subcommittee which concluded oversight hearings this week on the implementation of the Clean Air Act. Overall, Train said that tremendous progress has been made in meeting the Act's objectives. He said that during the period 1970 to 1972 total suspended particulates for a composite average of selected major metropolitan cities declined approximately ten percent, and for sulfur dioxide the decline was about 15 percent.

HOUSING BILL MARK-UP

The House Banking and Currency Committee completed mark-up of Title II of the Housing and Urban Development Act of 1974 (H.R. 14490). The chief amendment to Title II was one which changed the basis for establishing rental levels from 30% of operating costs to not less than 10% of the gross income of the tenants. An amendment was also adopted which allows state and local agencies to use Section 235 interest reduction assistance without requiring that they also use FHA mortgage insurance.

BRIEFS

The House passed H.R. 10701, which would provide for licensing, construction and operation of deepwater ports. A deepwater port is located 15 to 30 miles offshore and consists of an anchored buoy so that super tankers can tie up and pump their oil into pipelines leading to onshore facilities. ... The House passed without amendment the \$4.4 billion Public Works for Water and Power Development and Atomic Energy Commission Appropriations bill, H.R. 15155.

The Senate cleared for the House S. 3311, which would simplify Government procurement procedures when the amount does not exceed \$10,000. ... The House passed H.R. 14833, which would extend the Renegotiation Act until December 31, 1975. ... The Senate agreed to the conference report on H.R. 12565, supplemental funds for military procurement for fiscal 1974, clearing the measure for the White House.

Conferees reached agreement on a compromise version of H.R. 7130, which is designed to reform Congressional procedures for the enactment of fiscal policy. ... S. 2846, a bill designed to assure an adequate supply of chlorine necessary for safe drinking water and waste water treatment, passed the Senate.

Jack Bennett and Edward Schmults were confirmed by the Senate to be Under Secretary of the Treasury for Monetary Affairs and Under Secretary of the Treasury respectively.

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